

**PROFESSIONAL SERVICES AGREEMENT  
FOR REHABILITATION LOAN SERVICES**

THIS AGREEMENT is made and entered into this 1st day of July, 2012 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), COSTA MESA HOUSING AUTHORITY, and AMERINATIONAL COMMUNITY SERVICES, INC., a California Corporation, along with its parent company AMERICAN BANK OF ST. PAUL ("Consultant").

**WITNESSETH:**

A. WHEREAS, City proposes to utilize the services of Consultant as an independent contractor to provide Rehabilitation Loan Services as more fully described in Consultant's Proposal attached as Exhibit "A"; and

B. WHEREAS, Consultant represents that it has that degree of specialized expertise contemplated within California Government Code, Section 37103, and holds all necessary licenses to practice and perform the services herein contemplated; and

C. WHEREAS, City and Consultant desire to contract for the specific services described in Exhibit "A" (the "Project") and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and

D. WHEREAS, no official or employee of City has a financial interest, within the provisions of California Government Code, Sections 1090-1092, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the parties hereby agree as follows:

**1.0. SERVICES PROVIDED BY CONSULTANT**

1.1. Scope of Services. Consultant shall provide the professional services described in Consultant's Proposal, a copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. It is understood that in the exercise of every aspect of its role, within the scope of work, consultant will be representing the City of Costa Mesa, and all of its actions, communications, or other work, during its employment, under this contract is under the direction of the department. Consultant also warrants that it is familiar with all laws that may affect its performance of this Agreement and shall advise City of any changes in any laws that may affect Consultant's performance of this Agreement.

1.3. Performance to Satisfaction of City. Consultant agrees to perform all the work to the complete satisfaction of the City and within the hereinafter specified. Evaluations of the work will be done by the City Clerk or her designee. If the quality of work is not satisfactory,

City in its discretion has the right to:

- (a) Meet with Consultant to review the quality of the work and resolve the matters of concern;
- (b) Require Consultant to repeat the work at no additional fee until it is satisfactory; and/or
- (c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Consultant warrants that it shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

1.5. Non-discrimination. In performing this Agreement, Consultant shall not engage in, nor permit its agents to engage in, discrimination in employment of persons because of their race, religion, color, national origin, ancestry, age, physical handicap, medical condition, marital status, sexual gender or sexual orientation, except as permitted pursuant to Section 12940 of the Government Code.

1.6. Non-Exclusive Agreement. Consultant acknowledges that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

1.7. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City. Consultant may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at Consultant's sole cost and expense.

1.8. Confidentiality. Employees of Consultant in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon the termination of this Agreement. Consultant's covenant under this Section shall survive the termination of this Agreement.

## **2.0. COMPENSATION AND BILLING**

2.1. Compensation. As compensation for the provision of services outlined in Exhibit "A" and in accordance with this agreement, Consultant shall be paid in accordance with the fee schedule set forth in Exhibit "B," attached hereto and incorporated by reference.

2.2. Additional Services. Consultant shall not receive compensation for any services provided outside the scope of services specified in the Consultant's Proposal unless the City or the Project Manager for this Project, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant may submit invoices to City supervisor for approval on a progress basis, but no more often than two times a month. Said invoice shall be based on the total of all Consultant's services which have been completed to City's sole satisfaction as of the date the invoice is created. City shall pay Consultant's invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times for a period of three (3) years from the Effective Date.

## **3.0. TIME OF PERFORMANCE**

3.1. Commencement and Completion of Work. The professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date of this Agreement.

3.2. Excusable Delays. Neither party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

## **4.0. TERM AND TERMINATION**

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of thirty six (36) months ending on June 30, 2015, unless previously terminated as provided herein or as otherwise agreed to in writing by the parties. At the end of the term period, Consultant and City may mutually agree, in writing, to renew the contract for up to three (3) term periods of one (1) year each.

4.2. Notice of Termination. The City reserves and has the right and privilege of canceling, suspending or abandoning the execution of all or any part of the work contemplated by this Agreement, with or without cause, at any time, by providing written notice to Consultant. The termination of this Agreement shall be deemed effective upon receipt of the notice of termination. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City.

4.3. Compensation. In the event of termination, City shall pay Consultant for reasonable costs incurred and professional services satisfactorily performed up to and including the date of City's written notice of termination. Compensation for work in progress shall be prorated as to the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant in its performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within ten (10) days of delivery of termination notice to Consultant, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant shall be at City's sole risk and without liability or legal expense to Consultant.

## **5.0. INSURANCE**

5.1. Minimum Scope and Limits of Insurance. Consultant shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company admitted to do business in California, rated "A," Class X, or better in the most recent Best's Key Insurance Rating Guide, and approved by City:

- (a) Commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall be twice the required occurrence limit.
- (b) Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence for bodily injury and property damage.
- (c) Workers' compensation insurance as required by the State of California. Consultant agrees to waive, and to obtain endorsements from its workers'

compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City, its officers, agents, employees, and volunteers arising from work performed by Consultant for the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.

- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Architects' and engineers' coverage shall be endorsed to include contractual liability. If the policy is written as a "claims made" policy, the retro date shall be prior to the start of the contract work. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.
- (e) Banker's Blanket Bond with policy limits of not less than five million dollars (\$5,000,000.00).

5.2. Endorsements. The commercial general liability insurance policy and business automobile liability policy shall contain or be endorsed to contain the following provisions:

- (a) Additional insureds: "The City of Costa Mesa and its elected and appointed boards, officers, officials, agents, employees, and volunteers are additional insureds with respect to: liability arising out of activities performed by or on behalf of the Consultant pursuant to its contract with the City; products and completed operations of the Consultant; premises owned, occupied or used by the Consultant; automobiles owned, leased, hired, or borrowed by the Consultant.."
- (b) Notice: "Said policy shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City.
- (c) Other insurance: "The Consultant's insurance coverage shall be primary insurance as respects the City of Costa Mesa, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by this policy."
- (d) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of Costa Mesa, its officers, officials, agents, employees, and volunteers.
- (e) The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.3. Deductible or Self Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.4. Certificates of Insurance: Consultant shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement.

5.5. Non-limiting: Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

## **6.0. GENERAL PROVISIONS**

6.1. Entire Agreement: This Agreement constitutes the entire Agreement between the parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant shall designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement.

Consultant shall designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant or its Project Manager shall attend and assist in all coordination meetings called by City.

6.4. Notices: Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery, facsimile or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: a) at the time of delivery if such communication is sent by personal delivery; b) at the time of transmission if such communication is sent by facsimile; and c) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

AmeriNational Community  
Services, Inc.  
217 South Newton Avenue  
Albert Lea, MN 56007  
Tel: 866-779-5546  
Fax: 562-745-1281  
Attn: Amber Anderson, Marketing  
and Contracts Manager

IF TO CITY:

City of Costa Mesa  
77 Fair Drive  
Costa Mesa, CA 92626  
  
Tel: 714-754-4870  
Fax: 714-754-5330  
Attn: Jacqueline Y. Reeves

6.5. Drug-free Workplace Policy. Consultant shall provide a drug-free workplace by complying with all provisions set forth in City's Council Policy 100-5, attached hereto as Exhibit "C" and incorporated herein by reference. Consultant's failure to conform to the requirements set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys' Fees: In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law: This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

6.8. Assignment: Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's interest in this Agreement without City's prior written consent. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant of Consultant's obligation to perform all other obligations to be performed by Consultant hereunder for the term of this Agreement.

6.9. Indemnification and Hold Harmless Consultant agrees to defend, indemnify, hold free and harmless the City, its elected officials, officers, agents and employees, at Consultant's sole expense, from and against any and all claims, actions, suits or other legal proceedings brought against the City, its elected officials, officers, agents and employees arising out of the performance of the Consultant, its employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Consultant, its employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Consultant, its employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected officials, officers, agents and

employees based upon the work performed by the Consultant, its employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant, its employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, the Consultant shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained either in the City's specifications or Consultant's Proposal, which shall be of no force and effect.

6.10. Independent Contractor. Consultant is and shall be acting at all times as an independent contractor and not as an employee of City. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its or employees are in any manner agents or employees of City. Consultant shall secure, at its sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and its officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Consultant shall indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant further agrees to indemnify and hold City harmless from any failure of Consultant to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.11. PERS Eligibility Indemnification. In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.12. Cooperation. In the event any claim or action is brought against City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance and cooperation which City might require.



6.13. Ownership of Documents. All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or any of its subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant agrees that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant. City shall indemnify and hold harmless Consultant from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant. Consultant shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other Project related items as requested by City or its authorized representative, at no additional cost to the City.

6.14. Public Records Act Disclosure: Consultant has been advised and is aware that all reports, documents, information and data including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant, or any of its subcontractors, and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code Section 6250 et. seq.). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code Section 6254.7, and of which Consultant informs City of such trade secret. The City will endeavor to maintain as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.15. Conflict of Interest. Consultant and its officers, employees, associates and subconsultants, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this agreement, including, but not limited to, the Political Reform Act (Government Code Sections 81000, et seq.) and Government Code Section 1090. During the term of this Agreement, Consultant and its officers, employees, associates and subconsultants shall not, without the prior written approval of the City Representative, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subconsultants to abstain from a decision under this Agreement pursuant to a conflict of interest statute.

6.16. Responsibility for Errors. Consultant shall be responsible for its work and results under this Agreement. Consultant, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant occurs, then Consultant shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.17. Prohibited Employment. Consultant will not employ any regular employee of

City while this Agreement is in effect.

6.18. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

6.19. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.20. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City and Consultant and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.21. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.22. Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the parties and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.23. Amendments. Only a writing executed by the parties hereto or their respective successors and assigns may amend this Agreement.

6.24. Waiver. The delay or failure of either party at any time to require performance or compliance by the other of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.25. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then both parties agree to substitute such provision(s) through good

faith negotiations.

6.26. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

6.27. Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said parties and that by doing so the parties hereto are formally bound to the provisions of this Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by and through their respective authorized officers, as of the date first above written.

CITY OF COSTA MESA,  
A municipal corporation

  
\_\_\_\_\_  
Chief Executive Officer of Costa Mesa


Date: 8/27/12

CONSULTANT

  
\_\_\_\_\_  
Signature

Date: 7/24/12

ADRIENNE THORSON, CEO/CFO  
\_\_\_\_\_  
Name and Title


  
\_\_\_\_\_  
Social Security or Taxpayer ID Number

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

Date: 07/31/12

APPROVED AS TO INSURANCE:

  
\_\_\_\_\_  
Risk Management

Date: 8/21/12

APPROVED AS TO CONTENT:

  
Project Manager

Date: 30 July 2012

**EXHIBIT A**  
**CONSULTANT'S PROPOSAL**

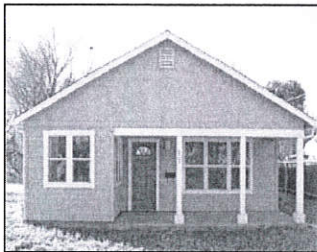


**AMERiNATIONAL**  
COMMUNITY SERVICES, INC.

# Proposal to Provide Services

Submitted to:  
**The City of Costa Mesa**

June 22, 2012



Submitted by:  
AmeriNational Community Services, Inc.  
8121 East Florence Avenue  
Downey, CA 90240  
Phone: 562-927-6686  
Fax: 562-927-2362



June 22, 2012

City of Costa Mesa  
Attn: Martha Rosales  
[Martha.rosales@costamesaca.gov](mailto:Martha.rosales@costamesaca.gov)

AmeriNational Community Services (AmeriNational), along with its parent company American Bank, is pleased to offer the City of Costa Mesa (City) a comprehensive and proven solution for its loan portfolio needs. AmeriNational is an experienced loan servicer providing the tasks of payment collection, processing and remittance, delinquency notices, escrow administration, 1098 reporting, and other back-office functions necessary in effectively administering a loan program. AmeriNational has extensive experience with loan processing and underwriting and loan document preparation. We also provide, via our LoanLink solution, a robust loan accounting database accessible 24/7/365 over the internet, literally at the City's fingertips, containing standard and customizable investor reports and providing all borrower activity and loan history.

Because affordable housing is our foundation, we have been able to customize our technology platforms to meet the specific needs of our customers and their borrowers, ensuring that our technology is responsive to the loan types we service. Our staff are trained and continually updated on matters unique to the affordable housing industry.

As the City's current service provider, we are familiar with your staff and your loan portfolio requirements. By selecting AmeriNational, you gain the best attributes of an in-house system with constant and immediate access to all transactional histories and loan data, but also with the back-office functionality and efficiencies that come along with our 35 years of experience in this field.

We thank the City for allowing us to service your portfolio needs for the past 13 years and look forward to continuing our relationship with you. We work to constantly enhance our services, providing more flexibility and better customer service, and appreciate our clients who will challenge us to grow along with them in the coming years.

We will be pleased to answer any questions you have on the enclosed material or provide any additional information you should need. You may contact me directly at (319) 626-6114 or via email at [mgylten@amerinational.net](mailto:mgylten@amerinational.net).

Sincerely,

A black rectangular box redacting the signature of Michelle "Micki" Gylten.

Michelle "Micki" Gylten  
Regional Sales Manager

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# Experience

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AmeriNational has been a leading servicer of specialty mortgages in the affordable housing industry since 1975. AmeriNational has unparalleled experience in the affordable housing industry, working with over 170 cities and agencies across 26 different states. We service approximately 60,000 loans with a principal balance in excess of \$4 billion, the majority of which were generated by cities similar to Costa Mesa, to promote affordable housing. We have also underwritten over 8,500 single family affordable housing loans and over 207 actively reporting multifamily affordable housing loans ranging from \$5,000 to \$8,000,000. AmeriNational has provided federal labor standards (Davis Bacon) wage compliance monitoring for over 350 developments throughout the nation.

AmeriNational services portfolios of both multifamily and single family loans with widely varying structures. These loans can be funded under multiple funding arenas including CDBG, HOME, CDBG-NSP, Home Improvement Loans, Down Payment Assistance Programs, HOPE, EECBG, tax-exempt bonds and other common federal and state sources and are insured by FHA, VA, RD, and private insurers.

Our experience has enabled us to provide programs tailored to meet the requirements of our valued clients. The City can rely upon AmeriNational for:

- ▶ **Industry Expertise** – AmeriNational possesses a vast knowledge of varying lending portfolios that often require extensive and unique portfolio management requirements not found in conventional lending environments. Our realm of expertise includes residential and commercial rehab loans, “blended loans” with multiple funding sources, deferred loans, due on sales loans, forgivable loans, and equity share provisions of first time home buyer loans.
- ▶ **Advanced Information Technology Capabilities** – AmeriNational utilizes a state of the art technology platform and robust business processes to perform its loan account management and collection services. Information technology tools have been customized solely for the affordable housing industry. AmeriNational offers the best of in-house and outsourced servicing by providing the experienced and trained staff to perform the back-office operations and ensure compliance with applicable regulations, while allowing the City and its borrowers access to all loan information on a real-time basis 24/7/365 via a secured internet connection.
- ▶ **Flexible Reporting** – AmeriNational prides itself on its reporting flexibility. Authorized City staff can view, print, and download all of their portfolio data, at any time, via their own computer terminals. Data reporting is customizable and can be reported in several ways, including program type, funding source and funding year. In addition, hard copy reports are provided at no extra cost.

AmeriNational offers a comprehensive menu of services that have been customized to meet the special requirements of local government programs. Services offered to support our public sector clients include:

- ▶ **Loan Origination, Processing and Underwriting:** AmeriNational is experienced with providing loan processing and underwriting. We take in preliminary applications and screen them for compliance with Client guidelines. We review and submit application packages for approval and conduct Preliminary Risk Analysis. We underwrite the loan application under approved underwriting guidelines, and make a final loan recommendation to the Client.
- ▶ **Loan Document Preparation:** AmeriNational can prepare all loan documents for our clients. This includes execution of any and all security documentation and filing on real and personal property.
- ▶ **Funds Disbursement:** AmeriNational offers a unique funds disbursement service through its parent company, American Bank. Total proceeds of loans and projects are forwarded from a client to AmeriNational, who maintains the funds in a segregated custodial trust account. We will disburse an unlimited number of checks for construction contractor stage payments, multiple equipment purchases, and /or stage disbursements of working capital loans and grants. The client only has to disburse one check to AmeriNational.
- ▶ **Loan Portfolio Management:** Covers the complete array of servicing responsibilities and disciplines including loan set-up, payment posting, tax and insurance monitoring and escrow accounts, payoffs, 1098 reporting, along with overall portfolio reporting to the client. We have an on-line reporting tool, *LoanLink*, available for both borrowers and clients to access loan information 24/7/365. We are able to force place insurance at the request of the client. We provide loan payoff quotes, and perform satisfactions and reconveyances, as well as loan modification analyses.
- ▶ **Loss Mitigation:** The loss mitigation teams within AmeriNational are trained and experienced in working with borrowers under affordable housing programs. They conduct activities such as collection calls, counseling, credit reporting, bankruptcy handling, as well as forbearance and foreclosure activities.
- ▶ **Property Conditions Profiles and Affidavits of Ownership:** We perform site visits to owner properties to assess the condition of the dwelling and detached structures and grounds, taking photos and establishing files for each property. We verify with borrowers pertinent information from the loan covenants and programs including occupancy and ownership status.
- ▶ **Income Re-verifications:** In keeping with the provisions of a client's promissory notes and affordable housing policies, we will submit re-verifications to the borrowers to calculate continued compliance with program requirements. This tool can be used to re-verify income, debt levels, and other program requirements.
- ▶ **Compliance Monitoring:** AmeriNational provides Davis Bacon and state prevailing wage compliance, LIHTC and state program compliance services, housing quality inspections, and financial monitoring services.

## Approvals:

AmeriNational is proud to be an approved servicer for:

- Fannie Mae
- Freddie Mac
- Federal Home Loan Bank
- Veterans Administration
- Guaranteed Rural Housing
- FHA Title I and FHA Title II Servicer

## Customer Service:

AmeriNational is committed to product leadership, operating excellence and customer intimacy. We are a “customer driven” service firm. This means that for every interaction we have with our clients and borrowers our goal is to provide the highest level of attention to reach a satisfactory outcome as soon as possible. To reach this goal we have established a separate Service Support Center to serve the specific needs of our clients and a Borrower Services Center to serve the specific needs of the borrowers. For customer service issues, borrowers can easily reach our representatives through our toll-free number at 1-800-943-1988. Additionally, each department manager or supervisor routinely communicates with the client to ensure that service standards are being met. All contact with the client is documented for future reference. AmeriNational staff is always available to the client and the borrower to discuss any concerns or questions. Twenty-two (22) members of our staff are fluent in Spanish. Our managers are empowered to make decisions “on the spot” to ensure client and borrower satisfaction.

Our Service Support Center manages the following areas of responsibility:

- New client orientation
- Prepare program guidelines further detailing requested servicing activities and client authorizations.
- Develop client’s point of contact for service implementation
- Maintain customer service
- Client technical support and troubleshooting
- Client concerns investigation
- Tracking and resolution of client concerns
- Client surveys
- Promote client’s highest and best use of services
- Assess unmet needs of client to offer additional service solutions
- Account Monitoring – ensure service quality and client satisfaction
- Service monitoring and follow-up
- Expediting client requests
- Special projects
- Utilize system reporting for service monitoring and follow-up

## Management Information System:

Since its inception, AmeriNational has serviced loans on a proprietary system called ALIAS. ALIAS was designed specifically for the types of loans generated by municipalities and housing finance agencies under affordable housing programs. AmeriNational has compared its system capabilities with off-the-shelf servicing packages, and has consistently found that the unique terms and structures inherent in these types of loans necessitate a custom-designed system in order for the necessary processes to be enacted in an accurate and efficient fashion. The system components, workflows and interfaces are designed around the requirements of the loan programs being serviced.

The loan database is accessible to our clients via LoanLink. LoanLink is AmeriNational's electronic access tool for both borrowers and clients. It is accessed via the internet, so mortgage loan holders can view their information 24/7/365 in the privacy of their own homes or offices. Their access is restricted with authentication procedures and passwords to ensure privacy of and protection over sensitive personal information. Direct links are provided from LoanLink and our website allowing borrowers to submit questions to us electronically without having to search around for contact information on a statement or other correspondence. Toll-free numbers are also provided.

LoanLink is a simple and straight-forward system, and borrowers do not need any training to access or use the tool. Our borrower services department is specifically designated to answer any questions that do arise. In addition, all staff members are proficient on LoanLink and can address calls or emailed questions as needed.

Our clients also access their loan portfolio information electronically via LoanLink. LoanLink is provided at no extra cost to our clients or their borrowers. Hard-copy paper month end investor reports are still sent out to clients, but are also available on LoanLink electronically. LoanLink offers our clients a secure, quick and convenient method of accessing all pertinent portfolio or loan level data, including borrower names and contact numbers, payment history, delinquency status, as well as portfolio wide reporting and statistics, and transactions. Clients are also able to download reports into excel for further manipulation and analysis.

AmeriNational recognizes the importance of protecting access to sensitive information stored in its systems and databases. Extensive procedures are in place to ensure the protection of this information, including:

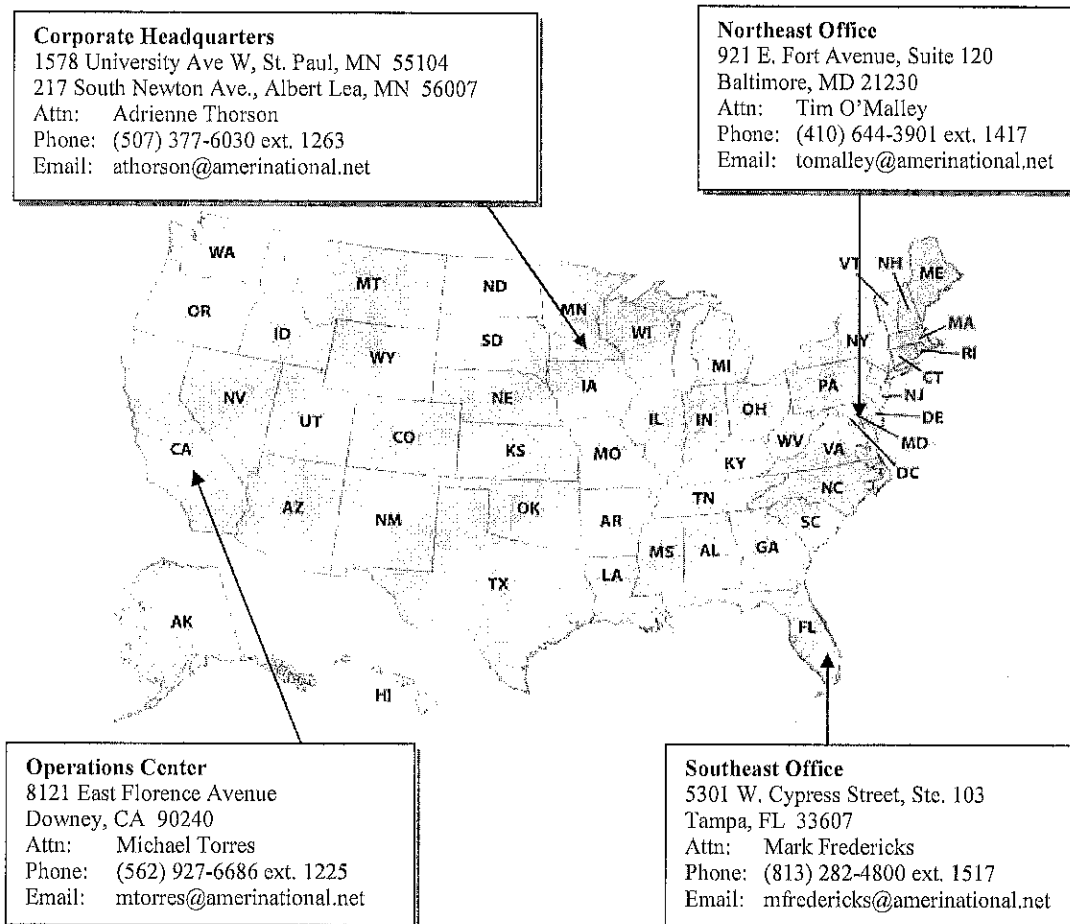
- Password protected computer workstations and programs
- Password protection for critical data elements and processes in servicing system
- Securitized email systems, and secured entry to Local Area Network
- Firewall protection for access to Internet Services
- VPN and Firewall protected connectivity with remote users
- Data backup media stored in off-site locations in protected banking environment

## Financial Soundness:

AmeriNational boasts a solid, sound balance sheet. Our capital to assets ratio stands at 92%. We have no long-term liabilities, and have no debt. We follow fiscal management policies that are prudent in terms of growth and operations. Our executive team engages in a robust strategic planning process each year to be sure that we entertain positive growth to provide continuing opportunities to our employees and shareholders. We are very proud of our financial results, and believe that they allow us to deploy new systems, solutions, and resources to better serve our clients and allow us to grow with them.

## Locations:

AmeriNational's offices are displayed below. AmeriNational has relationships with banks and other partners located throughout the country, which can be used to facilitate servicing of our client's loans as necessary.



## Risk Management and Audit:

By choosing AmeriNational our clients gain the protection from a regulated environment, as we have oversight by the Federal Reserve as well as state regulatory bodies. AmeriNational complies with all applicable local, state and federal laws and regulations. A corporate-wide Risk Management Department is responsible for overseeing internal audit, compliance and other risk management functions. Controls and safeguards are in place to ensure the protection of confidential information and compliance is maintained to privacy regulations applicable to banking organizations.

We maintain an aggressive internal and external audit process. In addition to internal audits of operational areas, we engage an annual Information Technology or IT enterprise risk assessment audit, FNMA audit, FHA compliance audit, a Uniform Servicing Attestation Program (USAP) audit for the years up through 2010 and a SSAE 16 audit (formerly referred to as SAS 70) for 2011 and forward. In addition, an annual independent financial statement audit is conducted. The audit for the December 31, 2011 year end, as well as all prior years' audits, resulted in a clean audit opinion.

## Personnel:

AmeriNational's staff members are its greatest strength. Approximately 78 staff members are located throughout four offices in the United States and are available to provide the services requested by the City. They combine proven experience with personal care and concern for their clients and borrowers that we have found to be unparalleled in the industry.

The corporate officers of AmeriNational are as follows:

Adrienne Thorson, Chairperson, CEO/CFO

Michael Torres, President & COO

Tim O'Malley, SVP Sales & Marketing

AmeriNational's key staff members that would be assigned to the City's servicing team are as follows:

Staff member	Job Title/Classification	Role
Adrienne Thorson	Chairperson, CEO/CFO	Project delivery and management.
Michael Torres	President and Chief Operations Officer	Project operations management
Debra Zamora	Operations Manager	Servicing line management.
Danny Martinez	Loan Origination and Compliance Manager	Loan processing and underwriting and loan document preparation

Mary Puertos	Collections Manager	Loss mitigation
Sondra Stockton	Borrower Services Manager	Borrower services, including reconveyance, payoffs, set ups, and other borrower service requests.
Evangelina Flores	Payment Processing & Monitoring Manager	Payment processing activities, including tax and insurance administration.
Jennifer Zollman	Service Support Center Manager	Special requests and client services

## Scope of Work:

### **Loan Processing and Underwriting**

AmeriNational offers experienced loan processing and underwriting services to meet the complex needs of government agencies. We work with our clients to streamline all phases of loan production, from application through processing, underwriting, closing, funds disbursement to loan servicing for increased speed and efficiency.

#### Preliminary Screening and Application Intake

The preliminary screening of a prospective loan applicant is essential for the effective administration of rehabilitation programs, minimizing the time spent on ineligible applicants. We will prescreen your prospective applicant for the basic program criteria to determine whether the applicant is qualified to move to the next step in the process. After initial eligibility has been determined, the applicant can then be provided with a full application package.

#### Application Submission

Upon receipt of a complete loan application package, all documents and supporting materials should be sent to AmeriNational for processing. It is essential for an efficient underwriting process that the file is complete before we start our review. Support materials will be identified in the program description, and we can work with you to develop a checklist for use in file submission. Supporting materials may include but are not limited to, paycheck stubs, W-2's, mortgage statements, property tax bills, and insurance policies when applicable.

#### Preliminary Risk Analysis

Upon receipt of a completed loan application package, AmeriNational will review the application for accuracy and thoroughness. A Preliminary Risk Analysis (PRA) will be developed to determine that it is reasonable to proceed with processing. The PRA can be developed before incurring outside costs, such as Title Reports and appraisals and can even avoid sending out inspection personnel to prepare a work write-up and cost estimate on a loan that cannot be approved. The Preliminary Risk Analysis will include the

borrower's Median Family Income (MFI) and an estimate of the borrower's ability to pay (where applicable) that will address a maximum interest rate conforming to the City's criteria. The analysis is then sent to the City for approval to proceed.

#### Underwriting Analysis

Upon receipt of an approval to proceed, AmeriNational will order applicable outside services such as a title report, appraisal, credit report and verifications. Once the firm cost of rehabilitation is known (a contractor bid has been awarded) a final underwriting analysis will be prepared, addressing the following items:

- ▶ Affordability (Debt to Income Ratio Analysis)
- ▶ Current and past credit history
- ▶ Financial interest in the property (Loan to Value)
- ▶ Status of title to secure lien position

Upon receipt of verifications and reports, a Final Loan Recommendation (FLR) will be prepared and sent to the City for approval and funding.

#### Loan Document Preparation

Once a loan has been approved, the City shall forward to AmeriNational a Request for Loan Documents containing required information to complete the preparation of loan documents. In accordance with the loan document request, AmeriNational shall prepare and forward the following documents within five (5) business days for the City's execution:

- ▶ Deed of Trust
- ▶ Promissory Note
- ▶ Truth in Lending Disclosure Statement
- ▶ Request for Notice of Default and Sale
- ▶ Notice of Right to Cancel
- ▶ Control Instructions
- ▶ Declaration of Covenants, Conditions, and Restrictions (CC&Rs)
- ▶ Other documents as agreed to with the City

Once the documents are executed by the borrower, the Deed of Trust and Request for Notice are returned to AmeriNational for recordation with the County Recorder. Following the recording of the Deed of Trust, AmeriNational shall confirm that the City's lien position is secure by updating title (when approved by the City).

#### Fund Disbursement Services

To ensure that the City's loan proceeds are used in the manner intended by the program design, AmeriNational provides a unique funds disbursement service through its parent company, American Bank, which meets the needs of both program staff and the City's finance department. Accordingly, these entities hereinafter are referred to as "Consultant".



Total loan proceeds are forwarded to Consultant and held in trust for disbursement of funds according to the City's requirements. Consultant shall deposit the funds into a custodial trust account at an FDIC insured bank. The City's finance department only needs to cut one check or initiate one EFT, and Consultant will disburse an unlimited number of checks for construction contractor stage payments, multiple equipment purchases, and/or stage disbursements of working capital loans and grants.

Consultant is experienced with the multiple funding sources used in housing and economic development programs. We can prioritize the disbursement of funds from several funding sources associated with one project and will provide corresponding reports to be used as official subsidiary journals to the City's finance department.

A fast turnaround of stage payments ensures delivery of checks back to the City or directly to payees is made within 48 hours of request. When requests are made by 11:00 a.m., the check will be cut the same day.

The funds disbursement services will be based on the following detailed steps:

1. Opening Account: Upon loan approval, Consultant will open a borrower account that includes borrower and project information. The City will then forward loan proceeds and completed Control Instructions to Consultant. The Control Instructions should include the following information:
  - a. Owner(s) name
  - b. Contractor(s)
  - c. Job site address
  - d. Amount of funds being held
  - e. Instructions on how funds are to be disbursed
  - f. Original signatures of borrower/owner and City representative
2. Disbursement Process: When requested by the City, Consultant will provide check disbursements to parties designated by the City in connection with the loans. Such disbursements are outlined in an Authorization for Payment, which includes information regarding the amount of the disbursement, the parties to be paid, signatures of City representatives authorized to make disbursements, and the borrower's authorizing signatures. Consultant will verify proper authorization to disburse funds and that amounts are correct and in agreement with original Control Instructions and Authorized Signatures. All checks shall be sent to the City, unless otherwise directed by the City. Checks will be issued payable to the contractor, or other payees as directed by the City. Funds will be disbursed from the City's account the same day when the request is received by 11:00 a.m. Requests received after 11:00 a.m. are processed the next business day.
3. Change Orders: Change Orders are used to make a change in the project amount or payment schedule. A Change Order may occur at any time during a project.
4. Contingency: Additional funds may be added to a project in anticipation of unforeseen construction costs. Consultant will hold contingency at the City's request

and release funds upon receipt of an Authorization for Payment. This process is subject to the City's financial policies and procedures.

5. Retention Fund: As applicable, Consultant shall hold a retention fund of at least 10%. Retention is then paid out sixty-five (65) days after the recording of the Notice of Completion. Based on the City's policies and procedures, the retention will be paid out upon receipt of an Authorization for Payment.
6. Recording the Notice of Completion: As applicable, after the City's final inspection on a project, a Notice of Completion is executed by the borrower and forwarded to Consultant for recording with the appropriate County Recorder. Consultant shall mail the Notice of Completion by certified mail within two (2) business days after receipt.
7. Reports and Record Keeping: Consultant will provide the City a detailed monthly Account Status Report of all transactions completed and the balances remaining in each account. Records will be maintained for all accounts and are available to the City upon request.
8. Account Close Out: After payout of all funds in the account, excess funds will be disbursed according to the City's instructions. Consultant will forward a Final Closing Statement to the City, comprising a complete record of all transactions in one report. Consultant will also forward a copy of the report to the borrower for their records, if requested by the City.

### **Loan Portfolio Management**

AmeriNational offers solutions for loan portfolio management that include loan boarding, payment processing, professional and courteous customer service, investor reporting, escrow administration, file retention, loss mitigation and quality control.

AmeriNational's standard reports are designed to meet the City's objectives and funding source requirements. Data reporting is flexible and can be reported in several ways, including program type, funding source and funding year. Customized reports can be provided to create one-time, monthly, or annual reports.

AmeriNational's LoanLink system provides the City's staff as well as borrowers access to their information via AmeriNational's Website, where authorized staff can view, print, and download all of their portfolio data, at any time. The City does not need any additional hardware or software aside from a PC and internet access to be able to view and obtain information and reporting for the City's portfolios.

AmeriNational has the ability to receive borrower payments through ACH debiting of borrower bank accounts and through Check-by-Phone, regular mail, and drop-off at our offices or other established sites. For customer service issues, borrowers can easily reach our representatives through our toll-free number at 1-800-943-1988.

Crucial to a successful servicing outcome is timely follow-up on delinquent accounts. AmeriNational will promptly initiate collection telephone calls and delinquency and default

notices to borrowers. City personnel receive hard copy delinquent reports on a monthly basis or can access their data at any time via AmeriNational's website. Working as a team with our clients, we have been able to provide successful loss mitigation to best maximize portfolio performance. AmeriNational also offers loss mitigation and forbearance services designed to avoid foreclosure and minimize financial loss to the City. As necessary, AmeriNational also provides foreclosure services.

AmeriNational also offers monthly scheduled credit bureau reporting of borrower loan payment activity. This action serves two purposes: 1) it prompts those borrowers with the ability to pay, that have elected not to pay, to attend to their payment obligation to mitigate negative credit history reporting; and 2) it serves to establish positive credit activity for those borrowers paying timely, that may have had credit issues in the past, or routinely pay on time and should be recognized for such.

### **Loan Servicing for Amortized Loans**

1. Introductory Package: Upon boarding of each new loan, AmeriNational will send to each borrower a welcome package. This welcome package contains a Notice of Servicing Transfer, Fair Debt Notice, FACT Act Letter, ACH sign-up form and a supply of coupons. The letters can be offered in Spanish and English, which, along with our bilingual staff, can better assist those customers who communicate more proficiently in Spanish.
2. Collection and Remittance of Payments: AmeriNational will collect payments from the borrowers through monthly or other scheduled remittances of principal, interest, fees, escrow balances and other identified payments. These remittances will be posted to the loan and ancillary records in accordance with the loan documents and the City's written instructions. Payments will be posted the same day as receipt. All funds will be maintained in an FDIC insured banking institution in a custodial account for the benefit of the City and the borrowers as applicable. AmeriNational will ensure the proper balancing of cash received and transmitted and loan portfolio totals on a daily and monthly basis.
3. Payment of Property Taxes: At the City's request, AmeriNational will monitor the timely payment of property taxes. Tax service will be required to monitor payment of property tax.
4. Written Delinquent Notification: AmeriNational will notify the borrower in writing of delinquent payments at intervals of 30, 60 and 90 days past the payment due date. Upon issuing the ninety-day notice, AmeriNational will provide foreclosure or forbearance service, if requested by the City (see Loss Mitigation section).
5. Insurance Monitoring: AmeriNational will notify the insurance agent in writing that AmeriNational is monitoring premium payments and that we are to be made aware of delinquencies or cancellations. AmeriNational will force place insurance at the request of the City (see Insurance section).

6. Escrow/Impound Account: If the City chooses, AmeriNational will establish an escrow/impound account for any borrower for the payment of taxes and insurance. Many borrowers find it easier to pay into an escrow account on a monthly basis rather than making large semi-annual or annual tax and insurance payments. AmeriNational will collect the monthly escrow payment from the borrower and make the tax and insurance payments on the borrower's behalf. The borrower escrow accounts will be analyzed annually in accordance with the Real Estate Settlement Procedures Act (RESPA). Tax service is necessary to ensure the timely and accurate payment of property taxes.

If the City chooses to establish an escrow/impound account for any borrower, AmeriNational will also establish a Client Escrow Deficit account. This account is used to track and reconcile borrower accounts with escrow deficits as a result of payments made on the borrower's behalf in excess of their escrow balance. The escrow deficit account will be reconciled monthly and the net change will be included or deducted from the City's monthly remittance; a net shortage/negative will be deducted and a net overage/positive will be remitted.

At portfolio transfer AmeriNational will require a cash deposit of the total amount of positive escrow balances. Negative escrow balances will be set up, but the total amount of negative escrow balances will not be netted out of the positive cash escrow balances.

7. Late Fees: In keeping with the provisions of the City's promissory note, AmeriNational will assess and retain a late fee when payment is not made within the grace period.

### **Loan Servicing for Deferred Loans**

1. Introductory Package: Upon boarding of each new loan, AmeriNational will send to each borrower a welcome package. This welcome package contains a Notice of Servicing Transfer, Fair Debt Notice and a FACT Act Letter. The letters can be offered in Spanish and English, which, along with our bilingual staff, can better assist those customers who communicate more proficiently in Spanish.
2. Collection and Remittance of Payments: AmeriNational will collect payments from the borrowers through monthly or other scheduled remittances of principal, interest, fees, escrow balances and other identified payments. These remittances will be posted to the loan and ancillary records in accordance with the loan documents and the City's written instructions. Payments will be posted the same day as receipt. All funds will be maintained in an FDIC insured banking institution in a custodial account for the benefit of the City and the borrowers as applicable. AmeriNational will ensure the proper balancing of cash received and transmitted and loan portfolio totals on a daily and monthly basis.
3. Payment of Property Taxes: Upon the City's request, AmeriNational will monitor the timely payment of property taxes. Tax service will be required to monitor the payment of property tax.

4. Written Delinquent Notification: AmeriNational will notify the borrower in writing of delinquent payment at intervals of 30, 60 and 90 days past the date the loan is finally due. Upon issuing the ninety-day notice, AmeriNational will provide foreclosure or forbearance service, if requested by the City (see Loss Mitigation section).
5. Insurance Monitoring: AmeriNational will notify the insurance agent in writing that AmeriNational is monitoring premium payments and that we are to be made aware of delinquencies or cancellations. AmeriNational will force place insurance at the request of the City (see Insurance section).
6. Escrow/Impound Account: If the City chooses, AmeriNational will establish an escrow/impound account for any borrower for the payment of taxes and insurance. Many borrowers find it easier to pay into an escrow account on a monthly basis rather than making large semi-annual or annual tax and insurance payments. AmeriNational will collect the monthly escrow payment from the borrower and make the tax and insurance payments on the borrower's behalf. The borrower escrow accounts will be analyzed annually in accordance with the Real Estate Settlement Procedures Act (RESPA). Tax service is necessary to ensure the timely and accurate payment of property taxes.

If the City chooses to establish an escrow/impound account for any borrower, AmeriNational will also establish a Client Escrow Deficit account. This account is used to track and reconcile borrower accounts with escrow deficits as a result of payments made on the borrower's behalf in excess of their escrow balance. The escrow deficit account will be reconciled monthly and the net change will be included or deducted from the City's monthly remittance; a net shortage/negative will be deducted and a net overage/positive will be remitted.

At portfolio transfer AmeriNational will require a cash deposit of the total amount of positive escrow balances. Negative escrow balances will be set up, but the total amount of negative escrow balances will not be netted out of the positive cash escrow balances.

### **Force-Placed Insurance**

AmeriNational will force place insurance at the request of the City. Upon notification of a policy cancellation from the borrower's insurance carrier, or when proof of a current policy is not received, AmeriNational will request forced-placed insurance from AmeriNational's insurance provider.

1. Coverage is instantly bound upon receipt of request with an effective date up to 30 days prior to receipt of our request.
2. AmeriNational's insurance provider or their carrier will send out three letters to the borrower over the course of forty-five days (Flood) to sixty days (Hazard). If the borrower provides proof of coverage, force-placed coverage will be cancelled.

3. If the effective date of this coverage is the same and there is no lapse in coverage, there will be no premium charged. If there is a lapse in coverage, there may be a fee charged to the borrower's account for an earned premium.
4. If the borrower does not provide proof of coverage, AmeriNational's insurance provider will send an insurance policy and notification of premium to the borrower and bill AmeriNational for a one-year policy. If the borrower does not have an established impound account; AmeriNational will create one and disburse the premium from it. If the borrower fails to pay the premium before the end of the month, and the disbursed premium results in an escrow deficit balance, said balance will be accounted for in that month's reconciliation of the Client Escrow Deficit Account. If the aggregate portfolio remittance for said month is insufficient to cover the deficit amount, the City will be billed and responsible for the cost until recouped from the borrower. Any pay-off quotations or demands will reflect any impound deficit amounts (caused by the cost of any forced-place insurance or other advances) so that the borrower will still be held responsible for the cost even if they are unresponsive.

The Portfolio Status Report, delivered monthly to the City, will also reflect such negative impound balances (i.e. the total amount of such premiums owed by borrower).

5. The one-year policy is cancelable at any time by either AmeriNational or the City.

### **Account Inquiries**

Borrowers and the City have 24-hour electronic access to their loan information via AmeriNational's Website at [www.amerinational.net](http://www.amerinational.net). Continuous access to all loan account information is also provided during normal working hours through our toll free customer service telephone lines. In addition, we can provide hard copy account payment histories or other information through facsimile transmission or email. When requested by a borrower, AmeriNational will provide, without charge, a detailed statement of all transactions relating to the borrower's payments and/or escrow account.

### **Non-sufficient Funds (NSF) Checks**

In the event that a check is returned to us unpaid due to non-sufficient funds, a returned check fee will be assessed. A letter will be sent to the borrower requesting immediate payment plus the returned check fee. If this fee is not received, a memo will be placed on the individual's account and the fee will be collected at the time the loan is paid off.

### **Additional Portfolio Management Services**

1. Loan Payoff Quotations, Satisfactions, Reconveyances: AmeriNational will provide Loan Payoff Quotations and will perform Satisfactions and Reconveyances of Mortgage at the borrower's expense for any loan at the City's request.
2. Loan Amortization Schedules: AmeriNational will provide Loan Amortization Schedules for any loan at the City's request.
3. 1098 Tax Forms: Pursuant to IRS regulations and, on behalf of the City, AmeriNational will submit required 1098 tax form for any and all borrowers paying interest on any the City.
4. Year-End Account Summary: AmeriNational will supply a year-end account summary statement to each borrower if there has been principal, interest or escrow activity on their account. The report will indicate principal and interest paid, amount of payments AmeriNational made on the borrower's behalf for taxes and insurance, and any remaining escrow balance.
5. Tickler Notifications: AmeriNational will provide for an annual tickler notification to any borrower, at the City's request.

### **Loan Transfer**

In the event the City requires AmeriNational to transition loans back to the City or to another Servicer, AmeriNational will gather and package all loan files (hard-copy and/or electronic copy) for shipment. AmeriNational has an in-house IT department that is dedicated to the maintenance and enhancement of its proprietary loan servicing system. AmeriNational's IT department will work with the City's staff to electronically transmit servicing data in an agreed upon format.

### **Loan Cleanup**

Over the course of our 35-year history, we have assisted cities, agencies and other governmental entities in cleaning up their portfolio of loans to ensure the accuracy and consistency of the booked loans with the terms and conditions of the original loan contracts. Another benefit of this portfolio maintenance has been to ensure all reporting is accurate and fully updated. Clean up work may typically involve a detailed review of payment histories to determine posting accuracy and compliance with amortization statements, truth in lending statements, and other applicable loan documents.

### **Loss Mitigation**

Loss of income to public sector agencies due to non-performing loans is very common because of the unrelenting follow-up and labor involved. Because of budget and staff cuts, many of these agencies are unable to dedicate the personnel necessary to generate the

maximum return on this valuable asset. AmeriNational's diligent collection efforts have been tailored through our 35 years of experience as we work with our clients to reduce delinquency and default rates.

A borrower is delinquent if payment is not received on or before its due date, irrespective of the grace period. A borrower is in default of the promissory note when two payments are past due, or as otherwise specified in the promissory note. AmeriNational provides treatment for delinquent mortgages through positive pressure that is fair but firm. If delinquent borrowers have a positive attitude toward their obligations, we will work with them to help them retain title to their property.

The following policy of follow-up will be adhered to by AmeriNational to minimize any loss of income to the City:

1. New Borrower Delinquency: Early delinquency can be a sign of a chronic delinquent borrower. AmeriNational forwards its first letter to new delinquent borrowers at 5 days past the first payment due date. If there is no response, a second letter is sent at 15 days. Borrowers are invited to contact our office to discuss difficulties they may be facing in meeting their obligations. If no response is received to either letter, due diligence phone calls begin at 31 days delinquent.
2. Delinquency/Default Letter Production: While most borrowers will pay without much individual attention, delinquencies will rise because some borrowers, left alone, will fall into poor paying habits. Therefore, letters of varying tone and composition will be sent at 15, 30 and 45 days past the payment due date. The letters emphasize the seriousness of the situation, the potential for loss of the borrower's property, and demands immediate payment.
3. Due Diligence Phone Calls: Telephone calls will be placed to all mortgage loan borrowers beginning at 31 days delinquent. Telephone contact offers several advantages: it demands attention; it interrupts other activity; it establishes a personal communication; and it requires immediate response. The objective of the call is to secure or demand prompt payment, obtain information needed to determine the reason for the delinquency, and to gain a commitment for future payments.
4. Credit Reporting: AmeriNational will report to the credit bureaus any borrower payment activity on a monthly basis.
5. Confirmation Letters: Contact with borrowers is used to solicit commitments to repay past due amounts. A borrower will be provided with the opportunity to bring the loan current immediately, and within six months. Once a commitment is gained, AmeriNational will forward a confirmation letter to document both the call and the commitment. The revised payment plan of no greater than six month's duration is then implemented. Default under this plan may cause AmeriNational to recommend foreclosure.



## **Reports**

AmeriNational's standard reports are designed to meet the City's objectives and funding source requirements. Data reporting is flexible and can be reported in several ways, including program type, funding source and funding year. Hard-copy reports are available as indicated in addition to the electronic reporting available to the City online through our Internet LoanLink service. Through LoanLink, the City has unlimited access to account and portfolio data, and can view the information as well as generate reports that can be downloaded into Excel.

1. Portfolio Status Report: The report provides a complete accounting per loan of the total portfolio. The report identifies annual payments made, remaining balances, borrower's name and account number, original loan balance, interest rate, and loan term. For those deferred loans accruing interest, the report shows the ongoing accrued interest balance.  
*Frequency: Available on-line, one hard-copy report forwarded monthly to the City.*
2. Current Month Reconciliation Report: This report serves as reconciliation for the loan payments remitted by borrowers.  
*Frequency: Available on-line, one hard-copy report, along with remittance check, forwarded to the City within ten working days of the close of the month.*
3. Delinquent Aging Report: This report reflects delinquent accounts at the 30, 60, 90, and over 90 day levels. Borrower accounts moved into the forbearance or foreclosure process are designated.  
*Frequency: Available on-line, one hard-copy report forwarded monthly to the City.*
4. Loan Amortization Schedule: The Loan Amortization Schedule shows the breakout of principal and interest paid for each payment during the term of the loan. This schedule is useful in determining how much principal is still owed and how much interest has been paid, at any period of time. This report can also be used in determining any balloon amounts due per the terms of the note.  
*Frequency: Available to the City upon request.*
5. Escrow Analysis Report: For loans requiring monthly escrow/impound payments for taxes and/or insurance, AmeriNational conducts an annual escrow analysis to determine the proper monthly payment a given borrower needs to make in order to cover future tax and insurance payments. This report is especially useful when escrow requirements change significantly, e.g., a marked increase in property tax due to a reassessment or supplemental tax.  
*Frequency: Available to the City upon request.*
6. Account Status Information Report: Provides borrower profile, loan term and current balance and status information for individual borrower accounts within a client's portfolio. This report includes a vast amount of information on any particular account within the City's portfolio.  
*Frequency: Available on-line.*

7. Current Year Payment History: Details transactions on individual accounts for the current year's activity.  
*Frequency: Available on-line.*
8. Payment History with Memos: AmeriNational uses a series of memo codes to help classify various borrower requests or processing activity. Activities subject to memo code classification include, for example, requests for duplicate coupon books, payoff requests, and other miscellaneous borrower questions. This report summarizes the loan history with identification of these types of activities along with associated comments by AmeriNational personnel.  
*Frequency: Available on-line.*
9. Memo Listing Report: This report lists the various coded activities and their dates. It is particularly useful when researching activity on any particular borrower account.  
*Frequency: Available on-line.*

### **Forbearance Plans**

Formal forbearance plans are typically used for defaults of 90+ days. A forbearance plan of less than six months duration is executed by the borrower and immediately implemented by AmeriNational, with notice immediately provided to the City. Formal modifications to promissory note terms and forbearance plans of greater than six months duration are forwarded to the City for pre-approval. Before the borrower executes the agreement, the City is requested to approve the plan.

Once approved, AmeriNational will implement the new payment schedule. Should a borrower default from the new payment schedule without cause, AmeriNational will recommend foreclosure.

**Forbearance Evaluation Process:** A hardship is defined as a situation or set of events or circumstances beyond the normal control of the borrower that prohibits the borrower from adhering to a planned repayment schedule. If a borrower states, either verbally or in writing, that a hardship situation exists, AmeriNational will document the circumstances and provide the following:

- i. Letter from borrower requesting City's consideration of hardship
- ii. Nature of the hardship
- iii. Expected duration of the hardship
- iv. Evidence to substantiate hardship
- v. Forbearance Plan Proposal

If the City approves the Forbearance Plan Proposal and executes the agreement with the borrower, AmeriNational will resume loan servicing under the new payment plan. The file will be tickled for follow-up at the expiration of the temporary plan.

AmeriNational's objective is to formulate a plan to bring the loan current as soon as possible. However, in light of the City's original purpose in making these loans (to assist the low/moderate income and disadvantaged citizens of its community), AmeriNational may

recommend forbearance plans that defer all or part of the regular repayments for a specified period of time.

### **Loan Modification Analysis**

1. **Preliminary Screening:** When initial contact with the borrower indicates a short term forbearance agreement will not be enough to bring the account current, AmeriNational will provide the borrower with a "Request for Loan Modification Package."
2. **Initial Analysis:** Upon receipt of the Modification Package, AmeriNational will review the package to determine supporting materials are present and that the forms are complete. Support materials may include but are not limited to, paycheck stubs, W-2's, Federal Tax Returns, bank statements, mortgage statements, property tax bills and insurance policies. After the package is reviewed and found to be complete, an initial analysis will be completed. The initial analysis can be completed prior to incurring any applicable outside costs, such as ordering a credit report or property value report if required.
3. **Final Modification Analysis and Recommendation:** Once all information received has been verified, the final analysis will be developed using the City's modification program guidelines. This analysis will reflect information such as affordability (debt-to-income ratio), status of 1<sup>st</sup> mortgage, occupancy, and borrower's ability to pay, etc. Based on the aforementioned, the recommendation will convey whether it is reasonable to proceed with the modification and what type of modification will best suit the needs of the borrower and the City. The recommendation along with the supporting documentation will be sent to the City for approval.
4. **Approval:** Once a loan modification has been approved, either the City or AmeriNational shall prepare and forward the required documents to the borrower for signature and recording if applicable. After the documents have been executed, originals will be retained by the City and copies will be sent to AmeriNational.

After receipt of executed modification documents, AmeriNational will make the appropriate modifications to the loan, send the borrower new payment coupons, if applicable, and electronically notate the account. The copied modification documents will be electronically uploaded into the electronic paperless loan file for retention.

### **Loan Foreclosure**

The mortgage transaction and all collections efforts are predicated on the assumption that the borrower is motivated and able to meet the mortgage obligation. A decision to foreclose is based on an analysis of an individual loan. We will look at the borrower with particular emphasis on basic motivation, ability to pay; and attitude or level of cooperation. If a borrower has been uncooperative, non-responsive, or unwilling to cure the existing default by all reasonable means, AmeriNational will recommend foreclosure.

This step is generally taken between 90 and 120 days. Upon the City's approval, and in accordance with respective local, state and federal statutes, AmeriNational will send the borrower a notice of intent to foreclose/demand letter, with a copy to the City. If no response is received within 30 days, AmeriNational will advise the City of the non-response. Upon the City's direction, AmeriNational will proceed to foreclosure. AmeriNational will properly document all steps taken to affect a cure.

If the loan is not reinstated or paid off, AmeriNational will continue foreclosure up to and including the sale of the property. Upon sale of the property, AmeriNational will return all proceeds of the sale to the City less foreclosure fees and any previously un-reimbursed costs incurred.

In the event the borrower reinstates the loan, AmeriNational will remit to the City all payments received from the borrower. For those loans that are reinstated by the borrower, AmeriNational will resume normal servicing functions.

### **Bankruptcy Administration Services**

#### **1. Chapter 13 Bankruptcy:**

- a. Upon receipt of notification from a court of law, debtor (borrower), or the City of a Chapter 13 bankruptcy for a debtor serviced by AmeriNational, AmeriNational will forward a notification letter to the City indicating intention to file a Notice of Claim as well as supporting bankruptcy documentation. Such Notice of Claim will indicate the total amount past due at time of Chapter 13 filing. AmeriNational will then file a Proof of Claim to the appropriate court. Upon receipt of a returned filed Proof of Claim from the court, AmeriNational will forward a copy of same to the City and will begin monitoring post and pre-petition payments to borrower's loan account.
- b. Upon any default of borrower in the remittance of post petition payments, AmeriNational will contact the borrower's (debtor's) counsel to notify counsel of the default, instructing that any further default will result in the filing of a Motion to Lift the bankruptcy stay. In addition, notification of the default will be forwarded to the Trustee's office. Should there be a continued default in post-petition payments and at the instruction of the City, the Motion to Lift will be filed by AmeriNational and AmeriNational will begin foreclosure proceedings as directed by the City.

#### **2. Chapter 7 Bankruptcy:**

- a. Upon receipt of notification of a Chapter 7 bankruptcy for a debtor serviced by AmeriNational, AmeriNational will establish a file for the borrower and monitor payments. Additionally, a reaffirmation agreement will be generated and forwarded to the borrower's attorney (debtor's counsel) for signature, and to the appropriate court upon receipt of the executed document. This fully enforceable agreement, if executed, will retain the lien as secured and will keep the lien from being discharged as part of the Chapter 7 discharge.

- b. Upon any default of borrower's remittance of payments during the bankruptcy, AmeriNational will contact the borrower's (debtor's) counsel advising of the default.
- c. Should the Chapter 7 Trustee determine that assets are available for distribution to creditors, AmeriNational will file a Proof of Claim on behalf of the City, indicating total amount due.

### **Subordination Processing**

- 1. Subordination Request Package: The City, upon receiving a request for subordination, will refer the borrower to AmeriNational. AmeriNational will send a Subordination Request Package to the borrower or designee (lender or title). The City may require the borrower to pay the cost of the subordination processing at application or the City may pay the cost upon billing from AmeriNational.
- 2. Review Process: The purpose of the subordination review process is to determine that the new senior loan on the borrower's property will be made in conformance with the City's subordination policy and that the City's title position and security for its note is properly treated. Also, a review of income of the borrower may be performed if there are ongoing restrictions on income levels for the program participant. Documentation typically required for the review may include the following:
  - a. Letter from borrower with reasons for requesting subordination
  - b. FNMA 1003 application, or other applicable application, for new senior loan
  - c. Lender's approval of new senior loan
  - d. Title report
  - e. Appraisal
  - f. Closing instructions and estimated closing statement
  - g. Credit report (if required)
  - h. Tax return or other income documentation (if required)
  - i. Completed Subordination Agreement ready for signature
  - j. Request for Notice document on new senior loan(s)
- 3. Document Preparation: AmeriNational prepares (or reviews docs prepared by new senior lender):
  - a. Subordination Agreement
  - b. Request for Notice document on new senior loan(s)
  - c. Closing instructions
- 4. Recommendation: At the completion of the review, a report is forwarded to the City with a recommendation to either approve the request and to execute the Agreement, or to deny the request. The report will contain a recapitulation of pertinent information such as lowered monthly payment amounts, old and new LTV's, new and old senior debt loan amounts, etc.
- 5. Approval: Upon the City's approval of a request for subordination, the City will forward to borrower's lender or Title Company:

- a. Completed and executed Subordination Agreement between the City and borrower
- b. Closing instructions dictating terms / use of Subordination Agreement document
- c. Request for Notice document for new senior loan

### **Income Re-verifications**

#### **1. Level One (Income Only):**

- a. In keeping with the provisions of the borrower's promissory note and/or loan agreement, AmeriNational will forward an income re-verification package to each borrower. The package will contain instructions and forms needed to complete the re-verification.
- b. A reminder letter will be sent in two weeks if the required information has not been received.
- c. If the borrower fails to respond within the allotted time frame, AmeriNational will notify the City of the borrower's non-compliance.
- d. Upon receipt of a completed re-verification package, AmeriNational will perform the following tasks:
  - Verify that forms are complete and proof of income has been received.
  - Calculate the borrower's income to determine continued compliance with the City's program requirements for income.
  - Forward re-verification report to the City, with a recommendation for continued deferral or amortization.
  - If the recommendation is to amortize the loan, and the City approves, AmeriNational will prepare necessary loan documents (additional charges will apply). The loan documents will be forwarded to the City for borrower and City signatures. AmeriNational will record necessary documents and will begin collecting under the new payment schedule.

#### **2. Level Two (Income, Debt, and other Program Requirements):**

Includes all level one services plus the following:

- a. AmeriNational will order credit reports on borrower and will calculate the borrower's debt to income ratio to determine if borrower has present capacity to make monthly loan repayments;
- b. AmeriNational will receive documentation (established by the City) to determine that program requirements have been met, e.g. continued occupancy, insurance, etc.

- c. AmeriNational will forward a re-verification report that includes the status of the borrower's income, capacity for incurring additional monthly note repayments, and compliance with the City's program requirements.

### **Property Conditions Profile and Affidavit of Owner**

#### **1. Property Conditions Profile:**

- a. AmeriNational engages an outside vendor to perform a site visit to each owner's property to determine the outer condition of the dwelling and the condition of any detached structures and grounds. Two photos will be taken to document the condition of the property. NOTE: AmeriNational will not, at any time, enter upon the owner's private property.
- b. Property profiles shall rate (good, fair, poor) the condition of the property, and also comment on the following: roof type, property type, structure color, neighborhood condition, construction type, environmental hazards, and status of utilities.
- c. If the dwelling appears vacant or abandoned, it will be noted in the report.
- d. Property profiles may be ordered by the City with any frequency desired, e.g., once every two years, once every three years, etc.

#### **2. Affidavit of Owner:**

AmeriNational will forward an instructional letter and Affidavit of Owner to each borrower. The Affidavit requires the owner to affirm continued compliance with all provisions of the promissory note and/or rehabilitation agreement. Such provisions may include, but are not limited to, the following:

- Continued residence
  - Timely payment of property taxes
  - Ongoing hazard and flood insurance coverage
  - Timely payment of all sums due to superior lien holders
  - Proper maintenance of the property
  - Non-subordination
- a. If no response is received within two weeks, AmeriNational will send a second letter, again requesting owner to sign and return affidavit.
  - b. AmeriNational will compile responses and will forward original affidavits to the City.

# Business Hours & Pricing

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AmeriNational's Service Support and Borrower Services Centers are located in the Downey, CA location. Our clients and their borrowers can easily reach our representatives through our toll-free number at 1-800-943-1988 from 8:30 a.m. to 5:00 p.m. PST. The funds disbursement service is performed by an American Bank representative located in our Albert Lea, MN office. They are available from 8:00 a.m. to 5:00 p.m. CST.

## **Pricing:**

### **Loan Processing and Underwriting:**

1. Ordering credit, title or appraisal  
Due 30 days after receipt of application, plus outside costs\*. \$35.00
2. Loan Processing through the completion of the Preliminary Risk Analysis (PRA) to the Client, plus outside costs  
Due within 60 days of submission of PRA \$160.00
3. Loan Processing, underwriting and production of Final Loan Recommendation (FLR), plus all remaining direct loan outside costs\*.  
Due 60 days from FLR or fund control opening. \$180.00

\*Outside costs as used herein include, but are not limited to, title, credit, and appraisal. These costs are passed through from outside vendors and are subject to marketplace increases. Such costs shall be reasonable and competitive with other similar services provided in the general vicinity of the project.

Loan Cancellation Fee: Within 60 days of a loan being considered cancelled, in addition to all outside costs, the fee due will be the sum of all fees for tasks (1-3 above) completed, plus one-half of the fee for the task in process at the time of cancellation.

### **Loan Documentation Preparation Services:**

1. A fee of \$175 plus pass through costs, if any for the preparation of all loan documents.
2. For each project for which credit, title, or appraisals have been supplied by AmeriNational, but which is thereafter canceled without performance of loan document preparation: a cancellation fee of \$59.00 plus outside costs for title and/or credit reports. A project will be considered cancelled if a Loan Document Request is not received within sixty (60) days of ordering a title report, credit report, or any other outside service.
3. A fee of \$20 will be charged for each document re-drafted at the request of the City due to actions by the City.



## **Funds Disbursement**

A fee of \$130 per loan. Full funds for the project/loan must be received by Consultant upon the City's approval of the loan. These funds will be deposited into a custodial trust account at an FDIC insured bank.

## **Loan Portfolio Management**

### **Amortized Loans:**

- i. New Loan Set-up Fee: \$40.00 per loan
- ii. Monthly Service Fee: 1/24 of 1% per month of original principal amount with a minimum monthly fee of \$8.50 and a maximum monthly fee of \$25.00 for each loan in the portfolio. Escrowing and/or monitoring of taxes and insurance are included with the service at no additional cost (except for a potential one-time tax service fee). Please note: The establishment of a new tax service contract or the transfer of an existing contract from an acceptable service provider is required for the escrowing and/or monitoring of taxes. Tax service vendor fees are outside costs passed through from outside vendors and are subject to marketplace increases. Such costs shall be reasonable and competitive with other similar services provided in the general vicinity of the projects.

### **Deferred Loans:**

#### **Loans serviced by AmeriNational prior to date of new contract:**

- i. Warehouse: One time charge of \$80.00 per loan
- ii. Warehouse and monitor of taxes and/or insurance: one-time charge of \$125.00 per loan plus a one-time tax service vendor fee.
- iii. Warehouse and escrow of taxes and/or insurance: one-time charge of \$60.00 per loan PLUS \$6.50 per month PLUS a one-time tax service vendor fee.
- iv. Flat fee for receiving occasional payments on deferred loans: \$9.00 per payment

#### **Loans serviced by AmeriNational on or after date of new contract:**

- i. Set-Up Fee: \$40.00 per loan
- ii. Warehouse: \$2.15 per loan per month
- iii. Warehouse and monitor of taxes and/or insurance: \$2.70 per loan per month plus a one-time tax service vendor fee.

iv. Warehouse and escrow of taxes and/or insurance: \$9.67 per loan per month plus a one-time tax service vendor fee.

v. Flat fee for receiving occasional payments on deferred loans: \$9.67 per payment

Tax service fees are outside costs passed through from outside vendors and are subject to marketplace increases. Such costs shall be reasonable and competitive with other similar services provided in the general vicinity of the project.

### **Loss Mitigation**

An additional servicing fee of \$3.85 per loan per month shall be charged for all amortized loans in the portfolio. An additional \$.50 per loan per month shall be charged for credit reporting.

### **Per-Event Fees**

Tickler Notifications:	\$12.50 per notification
Loan Transfer Fee:	\$50.00 per loan one-time fee if transferred from AmeriNational
Loan Clean-up Fee:	\$39.00 per loan
Property Conditions Profile:	\$50.00 per occurrence
Affidavit of Owner:	\$12.00 per loan (entire portfolio done at one time) with a \$500 minimum fee.

### **Forbearance Plans**

A flat fee of \$300 per loan per occurrence will be charged to institute a formal forbearance plan (usually in excess of 6 months in duration and with approval of the City). The City may require the borrower to pay this fee. Informal forbearances (usually less than 6 months in duration) to allow a delinquent borrower to catch up and bring their loan current are performed at no charge to the borrower or the City.

### **Loan Modification Processing**

1. Preliminary Screening and Initial Analysis to City Due within 30 days of Analysis to City	\$ 150.00
2. Final Analysis and Recommendation, plus outside costs *. Due within 30 days of completion of final recommendation	\$145.00
3. Loan Document Preparation, plus outside costs *.	Varies

Cancellation Fee: The fee due will be the sum of all fees for tasks (1-3 above) completed, plus one-half of the fee for the task in process at the time of cancellation.

\* Outside costs include, but are not limited to, title, credit, and appraisal / valuation. These costs are passed through from outside vendors and are subject to marketplace increases.

### **Loan Foreclosure**

1. **Document Preparation**: A one-time charge of \$300 to prepare documents to commence foreclosure proceedings and to manage the foreclosure process on behalf of the City. In addition to the above foreclosure service fee, AmeriNational will deduct and pay from remittance or bill the City for other costs incurred in the foreclosure process such as, but not limited to, conventional legal fees, sheriffs' deposits, bankruptcy closing costs, fees set by law, etc. These fees will be accurately quoted on a case-by-case basis upon request by the City and within all applicable statutory limits.
2. **Reinstatement Terms**: City reimbursement for foreclosure services rendered, and its costs and other charges, will be made by the borrower upon reinstatement or full payment of any Deed of Trust or Mortgage under foreclosure.

### **Bankruptcy Services**

1. Filing of Proof of Claims Fee: \$100 per occurrence
2. Filing of Reaffirmation Agreements Fee: \$75 for each occurrence
3. Monitoring and Repayments Fee: \$7 per loan per month for the duration of an active Chapter 7/13 case for monitoring Chapter 7/13 plans and Discharges or Debtors (Chapter 13), and the receipt of post and pre-petition payments.
4. Filing of Lift Stays Fee: \$175 per occurrence plus out-of-pocket fees and costs. Such fees and costs include, but are not limited to, obtaining local council in the bankruptcy jurisdiction and as approved by the City. The City will be responsible for the payment of any fees for filing suit or related outside costs due AmeriNational that cannot be reimbursed from the borrower.

### **Subordination Processing**

A fee of \$275 per analysis per loan.

### **Income Re-verifications**

A \$150 per file charge will be made for a level one income verification. A level two verification, including income, debt and program requirements, will be conducted at a fee of \$275 per file.

Additional fees upon occurrence include:

- a. Ordering of any income verification documents, e.g. verification of employment, verification of deposit: \$50 per document
- b. When a re-verification package, reminder letter, and report is issued by AmeriNational for non-responsive borrower, a cancellation fee of \$75 per non-responsive file.
- c. To reopen a file that has been assessed a cancellation fee, the file will be the full fee less any previously assessed cancellation fee.
- d. On a file for which a recommendation has been provided but is thereafter resubmitted with changed or additional information, a re-evaluation fee of \$35 per resubmission.

### **Extraordinary Services and Research:**

AmeriNational will conduct ongoing routine maintenance and general client service activities on borrower information and balances as part of its servicing activities at no additional cost.

In the event the City requests additional research to be conducted, or when incorrect, late, or incomplete information supplied by the City results in additional time, effort, and/or resources incurred by AmeriNational staff for the delivery of its services, an extraordinary services fee of \$100.00 per hour will be charged, with a minimum of one hour per occurrence.

# Dun & Bradstreet Report



ATTN: Susan Cano  
Report Printed: August 30, 2011

## Live Report : AMERINATIONAL COMMUNITY SERVICES, INC.

D-U-N-S® Number: 95-922-2001

Trade Names: (SUBSIDIARY OF AMERICAN BANCORPORATION, SAINT PAUL, MN)

Endorsement/Billing Reference: scano@amerinational.net

<b>D&amp;B Address</b>	
<b>Address</b> 217 S Newton Ave Albert Lea, MN - 56007	<b>Location Type</b> Headquarters (Subsidiary)
<b>Phone</b> 507 377-7000	<b>Web</b> www.amerinfone.net
<b>Fax</b> 562 928 5171	

Added to Portfolio: 08/30/2011

Endorsement / scano@amerinational.net

## Company Summary

Currency: Shown in USD unless otherwise indicated

### D&B Company Overview

This is a headquarters (subsidiary) location  
Branch(es) or Division(s) exist Y

<b>Chief Executive</b>	ADRIENNE THORSON, CEO-CFO-CHP
<b>Year Started</b>	1999
<b>Employees</b>	66 (6 Here)
<b>SIC</b>	6162
<b>Line of business</b>	Mortgage banker/ correspondent.
<b>NAICS</b>	522390
<b>History Status</b>	CLEAR

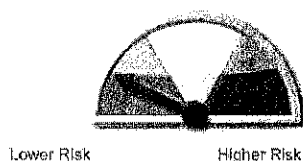
### Company News

Today: Tuesday, August 30, 2011

This company is not currently tracked for Company News.

Powered by FirstRain

### Risk Summary



#### Risk of Late Payment

Risk of late payment is based on the following prioritized factors in addition to other information in D&B's files:

- 0.00% of trade experiences indicate Slow or Negative Payments.
- Payments currently: Current payment performance based on payment experiences as reported to D&B is equal to generally within terms.



#### Payment Performance Indicator

#### Payment Performance Trend

The payment performance trend of the company is Unchanged. The most recent payment information in D&B's files is:

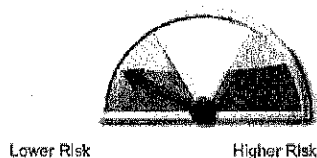
- Payments currently: generally within terms.
  - Payment 3 months ago: within terms.
  - Industry median: 6 days beyond terms.
- \*Note: Payments to suppliers are averaged weighted by dollar amounts.

- Business own facilities: Owns 10,000 sq. ft. in a two story building. Indications of slowness can be the result of disputes over merchandise, skipped invoices, etc.

## Trade Payments

Currency: Shown in USD unless otherwise indicated

### Risk Summary



#### Risk of Late Payment

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- 0.00% of trade experiences indicate Slow or Negative Payments.
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- Business own facilities: Owns 10,000 sq. ft. in a two story building. Indications of slowness can be the result of disputes over merchandise, skipped invoices, etc.



#### Payment Performance Indicator

#### Payment Performance Trend

The payment performance trend of the company is Unchanged. The most recent payment information in D&B's files is:

- Payments currently: generally within terms.
  - Payment 3 months ago: within terms.
  - Industry median: 6 days beyond terms.
- \*Note: Payments to suppliers are averaged weighted by dollar amounts.

### Payment Activity

Total payment experiences in D&B's file for headquarters	20
Payments within terms (not dollar weighted)	100 %
Total experiences with slow or negative payments (%)	0.00%
Total placed for collection	0
High Credit Average	2,086
Largest high credit	7,500
Highest now owing	7,500
Highest past due	0

## History & Operations

Currency: Shown in USD unless otherwise indicated

### Company Overview

Company Name:	AMERINATIONAL COMMUNITY SERVICES, INC.
Doing Business As :	(SUBSIDIARY OF AMERICAN BANCORPORATION, SAINT PAUL, MN)
Street Address:	217 S Newton Ave Albert Lea, MN 56007
Phone:	507 377-7000

**Fax:** 562-928-9171  
**URL:** <http://www.amerinternational.net>  
**History** Is clear  
**Present management control** 12 years

#### History

The following information was reported: 08/16/2011

**Officer(s):** ADRIENNE THORSON, CEO-CFO-CHP

**DIRECTOR(S):** THE OFFICER(S)

The Minnesota Secretary of State's business registrations file showed that Amerinational Community Services Inc was registered as a Corporation on November 10, 1999. Bus Reg No :

Dcx 10v-164.

Business started 1999. 100% of capital stock is owned by the parent company.

#### CONTROL CHANGE :

On November 23, 2004, Adrienne Thorson, president of Amerinational Community Services Inc, Downey, CA, confirmed that on November 22, 2004, Amerinational was acquired by American Bank, Saint Paul, MN. Amerinational now operates as a direct, wholly owned subsidiary of American Bank. All of the employees and management were retained.

ADRIENNE THORSON, 1999-present active here.

#### Operations

08/16/2011

Subsidiary of American Bancorporation, Saint Paul, MN started 1960 which operates as a state bank. Parent company owns 100% of capital stock.

#### Description:

As noted, this company is a subsidiary of American Bank, DUNS #879045474, and reference is made to that report for background information on the parent company and its management.

Operates as a mortgage banker and correspondent (100%).

Terms are Net 30 days. Sells to city agencies. Territory : United States.

#### Employees:

56 which includes officer(s) and 3 part-tims. 0 employed here.

#### Facilities:

Owms 10,000 sq. ft. in a two story building.

#### Location:

Commercial section on main street.

#### Branches:

Maintains a branch location at 10012 N Dale Mabry Hwy Ste B-209, Tampa, FL and Baltimore, MD.

#### SIC & NAICS

##### SIC:

Based on information in our file, D&B has assigned this company an extended 8-digit SIC. D&B's use of 8-digit SICs enables us to be more specific about a company's operations than if we use the standard 4-digit code.

The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.

6162 0000 Mortgage bankers and loan correspondents

##### NAICS:

522390 Other Activities Related to Credit Intermediation

#### View Snapshots

##### View Snapshots

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## Insurance Information

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AmeriNational has a comprehensive package of insurance coverage in place that meets the requirements for FNMA approved servicers. AmeriNational will provide a certificate of insurance detailing the types and amounts of coverage, which include a comprehensive business liability of \$1,000,000 per occurrence, and comprehensive excess liability to \$10,000,000 per occurrence; a banker's blanket bond (fidelity bond) in the amount of \$5,000,000; professional liability insurance of \$5,000,000; and workers compensation of \$500,000 per accident along with automobile, personal property and other standard coverage.



# References

AmeriNational believes recommendations from past and/or present clients are the best indicators of a firm's performance. The City is encouraged to contact the individuals listed on the attached reference forms for a candid assessment of our capabilities.

Client Information	Contact Person	Service Description	Service Years
City of Costa Mesa and Costa Mesa Housing Authority P.O. Box 1200 77 Fair Drive Costa Mesa, CA 92628	Jacqueline Y. Reeves Management Analyst 714-754-4870 <a href="mailto:jacque.reeves@costamesa.ca.gov">jacque.reeves@costamesa.ca.gov</a>	Loan Portfolio Management Loan Processing and Underwriting Loan Document Preparation Funds Disbursement	1998 - Present
City of Bellflower 16600 Civic Center Dr. Bellflower, CA 90706	Miranda Cole, Management Assistant 562-804-1424 ext. 2102 <a href="mailto:Mcole-corona@bellflower.org">Mcole-corona@bellflower.org</a>	Loan Portfolio Management, Loan Document Preparation, Underwriting, Funds Disbursement, Wage Compliance	1994 – Present
City of Whittier 13230 Penn Street Whittier, CA 90602	Maria Valdez-Paz, Rehabilitation Specialist 562-464-3380 <a href="mailto:mvaldezpaz@cityofwhittier.org">mvaldezpaz@cityofwhittier.org</a>	Loan Portfolio Management, Loan Document Preparation, Underwriting, Funds Disbursement	1996 – Present
City of Santa Ana 20 Civic Center Plaza Santa Ana, CA 92702	Claudia Shaw Loan Specialist 714-667-2265 <a href="mailto:cshaw@ci.santa-ana.ca.us">cshaw@ci.santa-ana.ca.us</a>	Loan Portfolio Management Loan Processing and Underwriting Loan Document Preparation Funds Disbursement Wage Compliance	1983 - Present

**EXHIBIT B**  
**FEE SCHEDULE**

## **FEE SCHEDULE**

### **Loan Processing and Underwriting:**

1. Ordering credit, title or appraisal  
Due 30 days after receipt of application, plus outside costs\*. \$35.00
2. Loan Processing through the completion of the Preliminary Risk Analysis (PRA) to the Client, plus outside costs  
Due within 60 days of submission of PRA \$160.00
3. Loan Processing, underwriting and production of Final Loan Recommendation (FLR), plus all remaining direct loan outside costs\*. \$180.00  
Due 60 days from FLR or fund control opening.  
\*Outside costs as used herein include, but are not limited to, title, credit, and appraisal. These costs are passed through from outside vendors and are subject to marketplace increases. Such costs shall be reasonable and competitive with other similar services provided in the general vicinity of the project.

Loan Cancellation Fee: Within 60 days of a loan being considered cancelled, in addition to all outside costs, the fee due will be the sum of all fees for tasks (1-3 above) completed, plus one-half of the fee for the task in process at the time of cancellation.

### **Loan Documentation Preparation Services:**

1. A fee of \$175 plus pass through costs, if any for the preparation of all loan documents.
2. For each project for which credit, title, or appraisals have been supplied by AmeriNational, but which is thereafter canceled without performance of loan document preparation: a cancellation fee of \$59.00 plus outside costs for title and/or credit reports. A project will be considered cancelled if a Loan Document Request is not received within sixty (60) days of ordering a title report, credit report, or any other outside service.
3. A fee of \$20 will be charged for each document re-drafted at the request of the City due to actions by the City.

### **Funds Disbursement**

A fee of \$130 per loan. Full funds for the project/loan must be received by Consultant upon the City's approval of the loan. These funds will be deposited into a custodial trust account at an FDIC insured bank.

## **Loan Portfolio Management**

### **Amortized Loans:**

- i. New Loan Set-up Fee: \$40.00 per loan
- ii. Monthly Service Fee: 1/24 of 1% per month of original principal amount with a minimum monthly fee of \$8.50 and a maximum monthly fee of \$25.00 for each loan in the portfolio. Escrowing and/or monitoring of taxes and insurance are included with the service at no additional cost (except for a potential one-time tax service fee). Please note: The establishment of a new tax service contract or the transfer of an existing contract from an acceptable service provider is required for the escrowing and/or monitoring of taxes. Tax service vendor fees are outside costs passed through from outside vendors and are subject to marketplace increases. Such costs shall be reasonable and competitive with other similar services provided in the general vicinity of the projects.

### **Deferred Loans:**

*Loans serviced by AmeriNational under the agreement with the Costa Mesa Redevelopment Agency prior to the date of this contract.*

- i. Warehouse: One time charge of \$80.00 per loan
- ii. Warehouse and monitor of taxes and/or insurance: one-time charge of \$125.00 per loan plus a one-time tax service vendor fee.
- iii. Warehouse and escrow of taxes and/or insurance: one-time charge of \$60.00 per loan PLUS \$6.50 per month PLUS a one-time tax service vendor fee.
- iv. Flat fee for receiving occasional payments on deferred loans: \$9.00 per payment

*Loans serviced by AmeriNational on or after date of this contract:*

- i. Set-Up Fee: \$40.00 per loan
- ii. Warehouse: \$2.15 per loan per month
- iii. Warehouse and monitor of taxes and/or insurance: \$2.70 per loan per month plus a one-time tax service vendor fee.
- iv. Warehouse and escrow of taxes and/or insurance: \$9.67 per loan per month plus a one-time tax service vendor fee.
- v. Flat fee for receiving occasional payments on deferred loans: \$9.67 per payment

Tax service fees are outside costs passed through from outside vendors and are subject to marketplace increases. Such costs shall be reasonable and competitive with other similar services provided in the general vicinity of the project.

### **Loss Mitigation**

An additional servicing fee of \$3.85 per loan per month shall be charged for all amortized loans in the portfolio. An additional \$.50 per loan per month shall be charged for credit reporting.

### **Per-Event Fees**

Tickler Notifications:	\$12.50 per notification
Loan Transfer Fee:	\$50.00 per loan one-time fee if transferred from AmeriNational
Loan Clean-up Fee:	\$39.00 per loan
Property Conditions Profile:	\$50.00 per occurrence
Affidavit of Owner:	\$12.00 per loan (entire portfolio done at one time) with a \$500 minimum fee.

### **Forbearance Plans**

A flat fee of \$300 per loan per occurrence will be charged to institute a formal forbearance plan (usually in excess of 6 months in duration and with approval of the City). The City may require the borrower to pay this fee. Informal forbearances (usually less than 6 months in duration) to allow a delinquent borrower to catch up and bring their loan current are performed at no charge to the borrower or the City.

### **Loan Modification Processing**

1. Preliminary Screening and Initial Analysis to City Due within 30 days of Analysis to City	\$ 150.00
2. Final Analysis and Recommendation, plus outside costs *. Due within 30 days of completion of final recommendation	\$145.00
3. Loan Document Preparation, plus outside costs *.	Varies

Cancellation Fee: The fee due will be the sum of all fees for tasks (1-3 above) completed, plus one-half of the fee for the task in process at the time of cancellation.

\* Outside costs include, but are not limited to, title, credit, and appraisal / valuation. These costs are passed through from outside vendors and are subject to marketplace increases.

### **Loan Foreclosure**

1. Document Preparation: A one-time charge of \$300 to prepare documents to commence foreclosure proceedings and to manage the foreclosure process on behalf of the City. In addition to the above foreclosure service fee, AmeriNational will deduct and pay from remittance or bill the City for other costs incurred in the foreclosure process such as, but not limited to, conventional legal fees, sheriffs' deposits, bankruptcy closing costs, fees set by law, etc. These fees will be accurately quoted on a case-by-case basis upon request by the City and within all applicable statutory limits.
2. Reinstatement Terms: City reimbursement for foreclosure services rendered, and its costs and other charges, will be made by the borrower upon reinstatement or full payment of any Deed of Trust or Mortgage under foreclosure.

### **Bankruptcy Services**

1. Filing of Proof of Claims Fee: \$100 per occurrence
2. Filing of Reaffirmation Agreements Fee: \$75 for each occurrence
3. Monitoring and Repayments Fee: \$7 per loan per month for the duration of an active Chapter 7/13 case for monitoring Chapter 7/13 plans and Discharges or Debtors (Chapter 13), and the receipt of post and pre-petition payments.
4. Filing of Lift Stays Fee: \$175 per occurrence plus out-of-pocket fees and costs. Such fees and costs include, but are not limited to, obtaining local council in the bankruptcy jurisdiction and as approved by the City. The City will be responsible for the payment of any fees for filing suit or related outside costs due AmeriNational that cannot be reimbursed from the borrower.

### **Subordination Processing**

A fee of \$275 per analysis per loan.

### **Income Re-verifications**

A \$150 per file charge will be made for a level one income verification. A level two verification, including income, debt and program requirements, will be conducted at a fee of \$275 per file.

Additional fees upon occurrence include:

- a. Ordering of any income verification documents, e.g. verification of employment, verification of deposit: \$50 per document
- b. When a re-verification package, reminder letter, and report is issued by AmeriNational for non-responsive borrower, a cancellation fee of \$75 per non-responsive file.
- c. To reopen a file that has been assessed a cancellation fee, the file will be the full fee less any previously assessed cancellation fee.
- d. On a file for which a recommendation has been provided but is thereafter resubmitted with changed or additional information, a re-evaluation fee of \$35 per resubmission.

### **Extraordinary Services and Research:**

AmeriNational will conduct ongoing routine maintenance and general client service activities on borrower information and balances as part of its servicing activities at no additional cost.

In the event the City requests additional research to be conducted, or when incorrect, late, or incomplete information supplied by the City results in additional time, effort, and/or resources incurred by AmeriNational staff for the delivery of its services, an extraordinary services fee of \$100.00 per hour will be charged, with a minimum of one hour per occurrence.

**EXHIBIT C**  
**CITY COUNCIL POLICY 100-5**



<b>SUBJECT</b>	<b>POLICY NUMBER</b>	<b>EFFECTIVE DATE</b>	<b>PAGE</b>
DRUG-FREE WORKPLACE	100-5	8-8-89	1 of 3

## BACKGROUND

Under the Federal Drug-Free Workplace Act of 1988, passed as part of omnibus drug legislation enacted November 18, 1988, contractors and grantees of Federal funds must certify that they will provide drug-free workplaces. At the present time, the City of Costa Mesa, as a sub-grantee of Federal funds under a variety of programs, is required to abide by this Act. The City Council has expressed its support of the national effort to eradicate drug abuse through the creation of a Substance Abuse Committee, institution of a City-wide D.A.R.E. program in all local schools and other activities in support of a drug-free community. This policy is intended to extend that effort to contractors and grantees of the City of Costa Mesa in the elimination of dangerous drugs in the workplace.

## PURPOSE

It is the purpose of this Policy to:

1. Clearly state the City of Costa Mesa's commitment to a drug-free society.
2. Set forth guidelines to ensure that public, private, and nonprofit organizations receiving funds from the City of Costa Mesa share the commitment to a drug-free workplace.

## **POLICY**

The City Manager, under direction by the City Council, shall take the necessary steps to see that the following provisions are included in all contracts and agreements entered into by the City of Costa Mesa involving the disbursement of funds.

1. Contractor or Sub-grantee hereby certifies that it will provide a drug-free workplace by:
  - a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in Contractor's and/or sub-grantee's workplace, specifically the job site or location included in this contract, and specifying the actions that will be taken against the employees for violation of such prohibition;

<b>SUBJECT</b>	<b>POLICY NUMBER</b>	<b>EFFECTIVE DATE</b>	<b>PAGE</b>
DRUG-FREE WORKPLACE	100-5	8-8-89	2 of 3

- b. Establishing a Drug-Free Awareness Program to inform employees about:
  1. The dangers of drug abuse in the workplace;
  2. Contractor's and/or sub-grantee's policy of maintaining a drug-free workplace;
  3. Any available drug counseling, rehabilitation and employee assistance programs; and
  4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- c. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by subparagraph A;
- d. Notifying the employee in the statement required by subparagraph 1 A that, as a condition of employment under the contract, the employee will:
  1. Abide by the terms of the statement; and
  2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- e. Notifying the City of Costa Mesa within ten (10) days after receiving notice under subparagraph 1 D 2 from an employee or otherwise receiving the actual notice of such conviction;
- f. Taking one of the following actions within thirty (30) days of receiving notice under subparagraph 1 D 2 with respect to an employee who is so convicted:
  1. Taking appropriate personnel action against such an employee, up to and including termination; or
  2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health agency, law enforcement, or other appropriate agency;

<b>SUBJECT</b>	<b>POLICY NUMBER</b>	<b>EFFECTIVE DATE</b>	<b>PAGE</b>
DRUG-FREE WORKPLACE	100-5	8-8-89	3 of 3

- g. Making a good faith effort to maintain a drug-free workplace through implementation of subparagraphs 1 A through 1 F, inclusive.
2. Contractor and/or sub-grantee shall be deemed to be in violation of this Policy if the City of Costa Mesa determines that:
  - a. Contractor and/or sub-grantee has made a false certification under paragraph 1 above;
  - b. Contractor and/or sub-grantee has violated the certification by failing to carry out the requirements of subparagraphs 1 A through 1 G above;
  - c. Such number of employees of Contractor and/or sub-grantee have been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the contractor and/or sub-grantee has failed to make a good faith effort to provide a drug-free workplace.
3. Should any contractor and/or sub-grantee be deemed to be in violation of this Policy pursuant to the provisions of 2 A, B, and C, a suspension, termination or debarment proceeding subject to applicable Federal, State, and local laws shall be conducted. Upon issuance of any final decision under this section requiring debarment of a contractor and/or sub-grantee, the contractor and/or sub-grantee shall be ineligible for award of any contract, agreement or grant from the City of Costa Mesa for a period specified in the decision, not to exceed five (5) years. Upon issuance of any final decision recommending against debarment of the contractor and/or sub-grantee, the contractor and/or sub-grantee shall be eligible for compensation as provided by law.



# CERTIFICATE OF LIABILITY INSURANCE

OP ID: JT

DATE (MM/DD/YYYY)

08/13/12

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER McNamara Company www.mcnamaracompany.com 1330 East Highway 96 St Paul, MN 55110 Patrick K. McNamara	651-426-0607 651-426-5790	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: AMER-11	FAX (A/C, No):
INSURED AmeriNational Community Services Inc, American Bankcorporation, American Bank of St Paul Inc 217 S Newton Ave		INSURER(S) AFFORDING COVERAGE INSURER A : Chubb Group of Ins. Co. (A++) INSURER B : NAIC: 20303 INSURER C : INSURER D : INSURER E : INSURER F :	

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY					
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY		35800320	08/01/12	08/01/13	EACH OCCURRENCE \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
	<input checked="" type="checkbox"/> Mtg Protection		35800320	08/01/12	08/01/13	MED EXP (Any one person) \$ 5,000
	<input checked="" type="checkbox"/> Inc Contract Liab					PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:					GENERAL AGGREGATE \$ 1,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC					PRODUCTS - COMP/OP AGG \$ included
						Mtg Prot \$ 5,000,000
A	AUTOMOBILE LIABILITY					
	<input checked="" type="checkbox"/> ANY AUTO		74983745	08/01/12	08/01/13	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input type="checkbox"/> ALL OWNED AUTOS					BODILY INJURY (Per person) \$
	<input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS					PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> NON-OWNED AUTOS					\$
A	UMBRELLA LIAB	<input checked="" type="checkbox"/> OCCUR				
	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE	79813523	08/01/12	08/01/13	EACH OCCURRENCE \$ 10,000,000
	DEDUCTIBLE					AGGREGATE \$ 10,000,000
	<input checked="" type="checkbox"/> RETENTION \$ 10,000					\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY					
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N	71712722 (CALIFORNIA)	08/27/12	08/27/13	WC STATUTORY LIMITS <input checked="" type="checkbox"/> OTHER
	If yes, describe under DESCRIPTION OF OPERATIONS below	N/A	71712593 (MN, KS, FL, MD)	08/01/12	08/01/13	E.L. EACH ACCIDENT \$ 500,000
						E.L. DISEASE - EA EMPLOYEE \$ 500,000
						E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
Certificate Holder is named as additional insured for General Liability coverage.

## CERTIFICATE HOLDER

## CANCELLATION

## COSTAME

City of Costa Mesa, Costa Mesa  
Housing Authority  
Attn: Rehabilitation Program  
77 Fair Drive PO Box 1200  
Costa Mesa, CA 92628-1200

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



## Liability Insurance

### Endorsement

*Policy Period* AUGUST 1, 2012 TO AUGUST 1, 2013  
*Effective Date* AUGUST 1, 2012  
*Policy Number* 3580-03-20 DMO  
*Insured* AMERICAN BANCORPORATION, AMERICAN BANK  
OF ST. PAUL  
*Name of Company* GREAT NORTHERN INSURANCE COMPANY  
*Date Issued* AUGUST 9, 2012

This Endorsement applies to the following forms:

GENERAL LIABILITY

Under Who Is An Insured, the following provision is added:

#### WHO IS AN INSURED

Designated Person Or  
Organization

Any person or organization designated below is an insured;  
but they are insureds only with respect to liability arising  
out of your operations or premises owned by or rented to you.

City of Costa Mesa, Costa Mesa Housing Authority, its elected and appointed boards, officers,  
agents and employees  
Attn: City of Costa Mesa Rehabilitation Program  
77 Fair Drive Box 1200  
Costa Mesa CA 92628-1200  
Insurance is primary and non-contributory

All other terms and conditions remain unchanged.

Authorized Representative



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/17/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Associated Insurance Agents, Inc. (AIA) 2800 Freeway Boulevard Brooklyn Center MN 55430	<b>CONTACT</b> NAME: Associated Insurance Agents, Inc. PHONE (A/C, No, Ext): 763-549-2200 FAX (A/C, No): 763-549-2299 E-MAIL: sschmitz@associatedagents.com ADDRESS: sschmitz@associatedagents.com
<b>INSURED</b> AMERI35 American Bancorporation; AmeriNational Community S American Bank of St Paul 1578 University Ave W St Paul MN 55104	<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A: ARCH INS CO NAIC # 11150 INSURER B: NATIONAL UNION FIRE INS CO OF VT 11562 INSURER C: XL SPECIALTY INS CO 37885 INSURER D: INSURER E: INSURER F:

**COVERAGES**

CERTIFICATE NUMBER: 1174921727

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below					WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
C A B	Mngmnt & Prof Liability Excess D&O Liab Bankers Fidelity Bond		ELU122900-11 DOX0046284-00 01-174-39-19	9/24/2011 9/24/2011 9/24/2011	9/24/2012 9/24/2012 9/24/2012	Aggregate Limit: \$5,000,000 Aggregate Limit: \$5,000,000 Aggregate Limit: \$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

**CERTIFICATE HOLDER****CANCELLATION**

City of Costa Mesa/Costa Mesa Housing Authority  
Attn: City of Costa Mesa Rehabilitation Program  
77 Fair Drive  
Costa Mesa CA 92628-1200

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE